Re-establishment of banking ties with Pakistan

1424. SHRI EKANATH K. THAKUR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Public Sector Banks of India and Pakistan have reached an understanding to re-establish Banking ties between the two countries; and

(b) if so, the names of banks that are allowed to open the branches in the two countries and details of the respective policies and licensing norms?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM): (a) and (b) Reserve Bank of India (RBI) has issued a Press release on 7th November 2005 on granting permission for opening two branches of banks from India in Pakistan and two branches of banks from Pakistan in India, on a reciprocal basis. From the Indian side, State Bank of India (SBI) and Bank of India (BoI) have expressed their willingness for opening/reviving their branches in Pakistan. From Pakistan side, Habib Bank Ltd. has made an application to RBI for opening a branch in India. The specific banks to be permitted to open the branches would be mutually agreed upon by the RBI and the State Bank of Pakistan (SBP) keeping in view their respective regulatory policies and procedure. The licensing of subsequent or additional branches of the banks would be decided by RBI and SBP as per their policy and licensing norms applicable to foreign banks from time to time.

Exemption in tax deduction at source

†1425. SHRI MOTILAL VORA: Will the Minister of FINANCE be pleased to refer to the answer to Starred Question No. 27 given in the Rajya Sabha on 26th July, 2005 and state:

(a) what are the details of those 'certain conditions' under which provision has also been made in law for exemption in tax deduction at source;

†Original notice of the question was received in Hindi.